

Message Text

UNCLASSIFIED

PAGE 01 LIMA 00060 051738Z

44

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 /066 W

----- 110708

R 051700Z JAN 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 8221

UNCLAS LIMA 0060

E.O. 11652: N/A

TAGS: EGEN, EINV, PFOR, PE

SUBJECT: PRESIDENT'S NEW YEAR'S PRESS CONFERENCE GIVES
FURTHER INDICATION ECONOMIC AUSTERITY PROGRAM

REFS: 75 LIMA 10141, 75 LIMA 10434

1. AT HIS INFORMAL PRESS CONFERENCE ON THE AFTERNOON OF
DECEMBER 31, 1975, PRESIDENT FRANCISCO MORALES BERMUDEZ GAVE
ADDITIONAL INDICATIONS OF THE GENERAL DIRECTION OF THE GOP
AUSTERITY PROGRAM. HE STATED:

"THE YEAR 1976 IS GOING TO BE HARD, DIFFICULT, AND
COMPLEX. IT WILL BE A YEAR OF CHALLENGE AND PROOF
FOR THE REVOLUTION. ... THE PRESENT SITUATION DEMANDS
ECONOMIC AND POLITICAL MEASURES OF SHORT AND MEDIUM
TERM. ... ONE OF THE THINGS WHICH IS LACKING IN THE
COUNTRY IS SYSTEMATIC EDUCATION ON THE THINGS WHICH ARE
ESSENTIAL AND THOSE WHICH ARE SUPERFLUOUS."

2. THE PRESIDENT STATED THAT THERE WOULD BE CUTS IN
PUBLIC SECTOR CURRENT EXPENDITURES, INCLUDING THE
ARMED FORCES. THESE REDUCTIONS ARE NEEDED TO INCREASE
INVESTMENT IN PRODUCTIVE PROJECTS WHICH GIVE EMPLOYMENT.
WITHOUT GOING INTO DETAILS DUE TO THE UPCOMING EXPOSITION
OF THE MINISTER OF ECONOMY AND FINANCE, THE PRESIDENT
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LIMA 00060 051738Z

STATED THAT A PACKAGE OF MEASURES HAS BEEN DISCUSSED

IN THE COUNCIL OF MINISTERS WHICH INCLUDES MODIFICATION OF THE SCALE OF THE DIRECT INCOME TAX. PRIORITY ATTENTION IS ALSO BEING GIVEN TO TAX EXEMPTIONS WHICH GIVE RISE TO THE SITUATION WHERE THE BUSINESSMAN PUTS UP 60 PERCENT AND THE STATE 40 PERCENT OF THE INVESTMENT. MANY OF THESE EXEMPTIONS, THE PRESIDENT NOTED, DO NOT PROMOTE INVESTMENT.

3. WITHOUT ENTERING INTO DETAIL, THE PRESIDENT STATED THAT THE UPCOMING PRESENTATION OF THE MINISTER OF ECONOMY AND FINANCE WOULD INCLUDE MEASURES TO READJUST (INCREASE) PRICES AND WAGES.

4. SPEAKING OF SMALL BUSINESSES, MORALES BERMUDEZ SAID THAT A STUDY COMMISSION HAS ALREADY STATED THAT, AS IN THE CASE OF SMALL AGRICULTURAL HOLDINGS, LIMITS CAN BE ESTABLISHED TO EXEMPT SUCH ENTERPRISES FROM PROFIT-SHARING AND OTHER REDISTRIBUTIVE DEVICES. HE STATED "THERE ARE MANY OF THESE SMALL ENTERPRISES WHICH ARE NOT GOING TO HAVE ECONOMIC POWER, BUT THEY DO MOBILIZE SAVINGS AND PROVIDE EMPLOYMENT."

5. COMMENT: PRESIDENT'S MESSAGE SETS STAGE FOR WIDE-RANGING GOP AUSTERITY PROGRAM REPORTED REFTELS WHICH WILL APPARENTLY INCLUDE, AT THE LEAST, REDUCTIONS IN PUBLIC SECTOR EXPENDITURES, INCREASED TAXES FOR THE PRIVATE SECTOR, AND FURTHER PRICE AND WAGE GUIDELINES.
DEAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS CONFERENCES, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LIMA00060
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760002-1067
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760185/aaaacxiw.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 LIMA 10141, 76 LIMA 10434
Review Action: RELEASED, APPROVED
Review Authority: castelsl
Review Comment: n/a
Review Content Flags:
Review Date: 02 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 JUL 2004 by barnescd>; APPROVED <12 AUG 2004 by castelsl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESIDENT'S NEW YEAR'S PRESS CONFERENCE GIVES FURTHER INDICATION ECONOMIC AUSTERITY PROGRAM
TAGS: EGEN, EINV, PFOR, PE, (GONZALEZ BERMUDEZ, FRANCISCO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006